Trade deal between India and US

3865. DR. T. SUBBARAMI REDDY: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India and US are planning a trade deal;

(b) if so, whether the sectoral agreement would allow the two countries to open up their economies in phases and exclude agriculture;

(c) if so, what are the main agreements reached between the two countries;

(d) what are the main reasons for not including the farm sector in the trade deal; and

(e) to what extent it will be helpful for both the countries?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) No Sir. Bi-lateral trade issues are discussed at the India-US Trade Policy Forum.

(b) to (e) Does not arise.

Impact of FTAs

3866. DR. T. SUBBARAMI REDDY:
SHRIMATI KANIMOZHI:
SHRIMATI SUPRIYA SULE:
Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Ministry is planning to set up a special mechanism to monitor the impact of Free Trade Agreements;

(b) whether acedemic institutions like IFT and IRS would be assigned the task of analyzing the impact of FTA and whether the Ministry has set up a quick response system to negate any adverse impact on India Inc. and farmers;

(c) whether this move is significant since the domestic industry as well as farmers have been facing increased competition from overseas due to liberal imports; and

(d) by what time final decision in this regard is likely to be taken?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) to (d) The Department of Commerce has already set up an FTA cell in the Directorate General of Foreign Trade. One of the functions of the FTA Cell is to monitor any surge in imports on account of tariff preferences under the Preferential Trading Agreements (PTAs)/FTAs. In addition, specific representations made by the industry, trade bodies, and apex chambers of commerce etc regarding the surge in imports or violation of conditions of an FTA are acted upon by the Department of Commerce. Besides, all the territorial and commodity divisions of the Ministry of commerce monitor India's import and export activities on a continuing basis.

Department of Commerce undertakes extensive studies before negotiating FTAs to understand its impact on domestic industry including that of the agriculture sector. These studies are carried out by various academic and research institutions like Indian Institute of

Foreign Trade (IIFT), Research and Information System (RIS), National Council of Applied Economic Research (NCAER) and Indian Council for Research on International Economic Relations (ICRIER) etc. The studies are based on economic modeling as well as the consultations held with/feedbacks received from the domestic stakeholders.

The FTAs also provide for maintaining sensitive/negative lists of items on which limited or no tariff concessions are granted under the Agreement. Most of the agriculture items are kept in India's Sensitive List/Negative List on the basis of recommendations made by the administrative department/Ministry. If items on which tariff concessions are offered are imported in such quantities so as to cause injury to the domestic industry, a preferential safeguard mechanism is allowed to be taken to protect the domestic industry. In addition, in case of a surge in imports, India, can also adopt WTO measures such as anti-dumping and safeguards.

Review of FDI policy

3867. SHRIMATI SUPRIYA SULE: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Union Government has decided to review Foreign Direct Investment (FDI) policy in some sectors;

(b) if so, whether the review was aimed at streamlining investment procedures in a comprehensive way, giving preference to sectors that generate more economic activity and jobs;

(c) whether the FDI policy review may include liberalizing foreign investments in sectors such as aircraft maintenance, commodity exchanges, petroleum products and real estate; and

(d) if so, by what time final decision in this regard is likely to be taken?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) Foreign Direct Investment (FDI), supplements and complements domestic investment. FDI, like any investment, has the potential for generating economic activity and employment. The FDI policy is reviewed on a continuing basis through an inter-Ministerial consultation process with a view to rationalization/liberalization of the policy.

(c) and (d) Government has, on a review of existing policy, notified changes, *inter-alia*, in the policy for FDI in the Civil Aviation Sector, Petroleum Sector, Industrial Parks and in Commodity Exchanges. The Press Notes 1-6 (2008) are on the public domain and accessible at www.dipp.gov.in. The extant policy for FDI in Civil Aviation permits, *inter-alia*, FDI up to 100% on the automatic route in Maintenance and Repair Organisations. Foreign Investment in Commodity Exchange is permitted up to 49% with prior approval of the Government. The divestment condition imposed on companies engaged in actual trading and marketing of petroleum products has been removed. FDI up to 100% is permitted on the automatic route in setting up Industrial Parks and in established Industrial Parks without attracting the conditions of Press Note 2(2005) applicable to construction development projects.